

# TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

9 9 - 0 0 7

2. STATE:

Missouri

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

January 1, 1999

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR

7. FEDERAL BUDGET IMPACT:

a. FFY 99 \$ 0  
b. FFY 00 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, pages 4, 16A & 16B.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Attachment 4.19-A, page 4.

10. SUBJECT OF AMENDMENT: Establish Direct Medicaid payments for costs not included  
in the per diem rates.

11. GOVERNOR'S REVIEW (Check One):

- ☒ GOVERNOR'S OFFICE REPORTED NO COMMENT *21*  
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Gary J. Stangler

14. TITLE:

Director

15. DATE SUBMITTED:

3/30/99

16. RETURN TO:

## FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

03/31/99

18. DATE APPROVED:

AUG 28 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

01/01/99

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Nanette Foster Reilly

22. TITLE:

Acting  
ARA for Medicaid and State Operations

23. REMARKS:

SPA CONTROL

Date Submitted 03/30/99

Date Received 03/31/99

- G. Disproportionate Share Reimbursement. The disproportionate share payments described in sections (XVI) and (XVIII) include both the federally mandated reimbursement for hospitals which meet the federal requirements in Subsection (V.A.1 and 2) and the discretionary disproportionate share payments which are allowed but not mandated under federal regulation are described in sections XVI, and XVII of this regulation. These Safety Net and Medicaid Add-Ons are subject to federal limitation as described in the Omnibus Reconciliation Act of 1993 (OBRA 93) and subsection VI.E., of this regulation.
- H. Effective date.
1. The plan effective date shall be October 1, 1981.
  2. The adjustment effective date shall be thirty (30) days after notification of the hospital that its reimbursement rate has been changed unless modified by other sections of the plan.
- I. Medicare rate. The Medicare rate is the rate established on the basis of allowable cost as defined by applicable Medicare standards and principles of reimbursement (42 CFR part 405) as determined by the servicing fiscal intermediary based on yearly Hospital Cost Reports.
- J. Nonreimbursable items. For purposes of reimbursement of reasonable cost, the following are not subject to reimbursement:
1. Allowances for return on equity capital;
  2. Amounts representing growth allowances in excess of the intensity allowance, profits, efficiency bonuses, or a combination of these;
  3. Cost in excess of the principal of reimbursement specified in 42 CFR chapter IV, part 413; and
  4. Costs or services or costs and services specifically excluded or restricted in this plan or the Medicaid hospital provider manual.
- K. Per Diem rates. The per diem rates shall be determined from the individual hospital cost report in accordance with section III of the regulation. This rate is paid to hospitals not meeting the disproportionate criteria in section 6 of this regulation;
2. Disproportionate share per diem rate is calculated in accordance with section VI. of this regulation for hospitals that met the Federally mandated disproportionate share criteria or the state specific criteria established in section VI. of this regulation.

- L. Reasonable cost. The reasonable cost of inpatient hospital services is an individual hospital's Medicaid per-diem cost per day as determined in accordance with the general plan rate calculation from section III of this regulation using the base year cost report (by dividing allowable Medicaid inpatient costs by total Medicaid inpatient days, including nursery days).
  - M. Trend factor. The trend factor is a measure of the change in costs of goods and services purchased by a hospital during the course of one (1) year.
  - N. Children's hospital. An acute care hospital operated primarily for the care and treatment of children under the age of eighteen (18) and which has designed in its licensure application at least sixty-five percent (65%) of its total licensed beds as a pediatric unit as defined in 19 CSR 30-20.021(4)(F).
  - O. Hospital-sponsored primary care clinic—A clinic location which has met all of the following criteria:
    - 1. The clinic shall not be physically located within a licensed hospital;
    - 2. The clinic must be enrolled as a Medicaid provider;
    - 3. The clinic is not certified by the Division of Health Standards and Quality, Health Care Financing Administration (HSQ/HCF) as being part of any hospital; and
    - 4. The sponsoring hospital has completed and returned the Hospital-Sponsored Primary Care Clinic Application to the Missouri Division of Medical Services by May 1, 1994, providing verification of the following:
      - A. The sponsoring hospital and the clinic are subject to the bylaws and operating decisions of the same governing body; or
      - B. The sponsoring hospital contributes at least five hundred thousand dollars (\$500,000) annually towards the operation of the clinic.
  - P. FRA. The Federal Reimbursement Allowance shall be an allowable cost.
- III. Per-Diem Reimbursement Rate Computation. Each hospital shall receive a Medicaid per-diem rate based on this computation.
- A. The per diem rate shall be determined from the 1995 base year cost report in accordance with the following formula:

XV. Direct Medicaid Payments.

- A. Direct Medicaid payments. Direct Medicaid payments will be made to hospitals for the following allowable Medicaid costs not included in the per diem rate as calculated in section III.
1. The increased Medicaid costs resulting from the FRA Assessment becomes an allowable cost on January 1, 1999;
  2. The unreimbursed Medicaid costs applicable to the SFY 99 trend factor which is not included in the per diem rate;
  3. The unreimbursed Medicaid costs for capital and medical education not included in the trended per diem cost as a result of the application of the sixty percent (60%) minimum utilization adjustment in paragraph III.A.4.; and
  4. The increased cost per day resulting from the utilization adjustment. The increase cost per day results from lower utilization of inpatient hospital services by Medicaid recipients now covered by a MC+ health plan.
  5. The poison control adjustment shall be determined for hospitals which operated a poison control center during the base year and which continues to operate a poison control center in a Medicaid managed care region.
- B. Direct Medicaid Payment will be computed as follows:
1. The Medicaid share of the FRA Assessment will be calculated by dividing the hospitals Medicaid patient days by total hospitals patient days to arrive at the Medicaid utilization percentage. This percentage is then multiplied by the FRA assessment for the current SFY to arrive at the increased allowable Medicaid costs;
  2. The unreimbursed Medicaid costs are determined by subtracting the hospital's per diem rate from its trended per diem costs. The difference is multiplied by the estimated Medicaid patient days for the current SFY.
- A. The trended cost per day is calculated by trending the base year operating costs per day by the trend indices listed in paragraph III.B.1., using the rate calculation in subsection III.A.

- B. The trended cost per day does not include the costs associated with the FRA assessment, the application of minimum utilization, the utilization adjustment and the poison control costs computed in paragraphs XV.B.1., 3., 4., and 5.
3. The minimum utilization costs for capital and medical education is calculated by determining the difference in the hospital's cost per day when applying the minimum utilization as identified in paragraph V.C.4., and without applying the minimum utilization. The difference in the cost per day is multiplied by the estimated Medicaid patient days for the SFY.
  4. The utilization adjustment cost is determined by estimating the number of Medicaid inpatient days the hospital will not provide as a result of the MC+ Health Plans limiting inpatient hospital services. These days are multiplied by the hospital's cost per day to determine the total cost associated with these days. This cost is divided by the remaining total patient days from its base period cost report to arrive at the increased cost per day. This increased cost per day is multiplied by the estimated Medicaid days for the current SFY to arrive at the Medicaid utilization adjustment.
  5. The poison control cost shall reimburse the hospital for the prorated Medicaid managed care cost. It will be calculated by multiplying the estimated Medicaid share of the poison control costs by the percentage of MC+ recipients to total Medicaid recipients.
- C. SFY 99 Direct Medicaid Payments starting January 1, 1999 will be determined by subtracting the add-on payments made for unreimbursed Medicaid costs between July 1, 1998 and December 31, 1998 from the SFY 99 unreimbursed Medicaid costs calculated in subsection XV.B. The difference in the unreimbursed Medicaid costs will be prorated over the remainder of the SFY 99 and paid directly to the hospitals.